

### Globalstar Looking at Bankruptcy

Financially challenged Globalstar, which is in the middle of a desperate attempt to stave off bankruptcy later this year has been offered a US\$ 500 million rescue package led by Qualcomm, the price - bankruptcy.

Qualcomm's rescue plan was presented to Globalstar's service providers by the Blackstone Group, which has been retained by Globalstar to find a way out of the company's financial mess. In the plan Qualcomm, already a substantial investor in Globalstar as well as an equipment supplier and creditor, would provide US\$ 250 million. Another group of investors would also put up an additional US\$ 250 million. For the plan to work, Globalstar would have to wipe out its debts by filing for bankruptcy under Chapter 11 of US bankruptcy laws, the very act Globalstar has been trying to avoid for several months.

At the end of last year, Globalstar had about US\$ 200 million in cash remaining - enough to fund the operation of the network to the end of this year. To continue operation Globalstar suspended payments of interest and payments against its heavy debt burden to allow all of this money to be used for operations.

<http://www.spacenewsfeed.co.uk/2001/13May2001.html>